

Committee on Ways And Means

Accelerate Phase-In to Income-Relate the Part B Premium

- Beginning in 2007, individuals with incomes above \$80,000 (\$160,000 for couples) will pay a larger share of the costs of Part B through increased Part B premiums. This provision was included in the 2003 Medicare Modernization Act.
- The Medicare Modernization Act (MMA) included a phase-in of increases over 5 years, from 2007 through 2011. The Deficit Reduction Act phases-in the premium increases for individuals with higher incomes over 3 years rather than 5 years. For further details, see the attached table.
- About 4 percent of Medicare beneficiaries with the highest incomes will pay higher premiums.
- This policy was already included in MMA. The DRA provision merely speeds up the timetable.

**Change in Monthly Part B Premiums Under Current Law 5-Year Phase-In
And Accelerated 3-Year Phase-In**

Income	2006	2007	2008	2009	2010	2011
\$80,000 and less						
Current Law	\$88.50	\$88.50	\$88.50	\$89.30	\$92.00	\$94.80
Accelerated	\$88.50	\$88.50	\$88.50	\$89.30	\$92.00	\$94.80
Change	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
\$80,000 - \$100,000						
Current Law	\$88.50	\$94.70	\$100.89	\$108.05	\$117.76	\$127.98
Accelerated	\$88.50	\$98.72	\$109.25	\$120.56	\$124.20	\$127.98
Change	\$0.00	\$4.03	\$8.36	\$12.50	\$6.44	\$0.00
\$100,000 - \$150,000						
Current Law	\$88.50	\$97.35	\$106.20	\$116.09	\$128.80	\$142.20
Accelerated	\$88.50	\$103.10	\$118.15	\$133.95	\$138.00	\$142.20
Change	\$0.00	\$5.75	\$11.95	\$17.86	\$9.20	\$0.00
\$150,000 - \$200,000						
Current Law	\$88.50	\$100.01	\$111.51	\$124.13	\$139.84	\$156.42
Accelerated	\$88.50	\$107.48	\$127.04	\$147.35	\$151.80	\$156.42
Change	\$0.00	\$7.48	\$15.53	\$23.22	\$11.96	\$0.00
\$200,000 +						
Current Law	\$88.50	\$102.66	\$116.82	\$132.16	\$150.88	\$170.64
Accelerated	\$88.50	\$111.86	\$135.94	\$160.74	\$165.60	\$170.64
Change	\$0.00	\$9.20	\$19.12	\$28.58	\$14.72	\$0.00

Note: Part B premiums from 2009 to 2011 from the March 2005 Trustee's Report. The Trustee's Report projected the 2006 Part B premium at \$87.70, with no premium increase for 2007 or 2008. This table uses \$88.50 as the 2006 Part B premium, as announced in November, and assumes no premium increase in 2007 or 2008.